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DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D. C.

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REPLY TO:
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Review of this document by CIA has
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☐ It contains nothing of CIA interest
Date 200781 Reviewer

20 December 1961

25X1

SUBJECT: Report on Evaluation of Proposed Fixed Rates and Pricing
Formula

Contracts SC-991, HF-CT-698 and Proposed New Contract for
System 8X Overseas Support
Periods as indicated below

TO : Contracting Officer

REFS : DPD-5250-61 and DPD-5750-61

*SC-991
Amend # 12*

1. Pursuant to referenced requests, a review has been made of Contractor's proposed fixed rates and pricing formula under the subject contracts.

2. Results of Examination:

a. Contract SC-991 for Fiscal Year Ending 30 June 1962:
Acceptable rates for this contract as determined by the Auditor with concurrence of the Contractor are set forth in Exhibit A. The only adjustment made in these rates was a reduction of G&A expense to 13% instead of the 14% rate proposed by the Contractor.

b. Contract HF-CT-698 for Fiscal Year Ending 30 June 1962:
An acceptable pricing formula, concurred in by the Contractor is shown in Exhibit B. The Auditor's adjustments consisted of reductions in most of the proposed labor rates based upon actuals during a recent representative period. Also, the G&A rate proposed by the Contractor of 14% was reduced to 13%.

c. System 8X Overseas Support: The period to be covered in this proposed new contract is for one year starting 1 October 1961. The Contractor's proposal dated 18 September 1961 was on a CPFF basis. Based upon the Contracting Officer's preference for a T&M type contract, acceptable fixed rates were computed by the Auditor, as shown in Exhibit C. These rates were concurred in by the Contractor. The acceptability of the rates is subject to approval by the Contracting Officer of the 10% profit factor included in the labor rates.

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